

MONTANA STATE AUDITOR

MONICA J. LINDEEN
STATE AUDITOR



COMMISSIONER OF INSURANCE
COMMISSIONER OF SECURITIES

Advisory Memorandum

To: All Health Insurers Licensed in Montana

From: MONICA J. LINDEEN - Commissioner of Securities and Insurance
Office of the Montana State Auditor [CSI]

Date: August 21, 2009



House Bill Nos. 263 and 264 -- Requiring Health Insurers to Disclose Preauthorization and Pre-approval Requirements and Estimated Covered and Out-of-pocket Costs for Certain Health Care Services

The 2009 Montana Legislature passed House Bill 264 revising §§ 33-22-244 and 33-22-521, Montana Code Annotated (MCA) to require that each individual and group disability [health] insurance policy's outline of coverage must have "a description of any preauthorization or other preapproval requirements for medical care." This new disclosure is in addition to the other disclosure requirements that already exist, which include a description of the insured's financial responsibility under the policy or certificate, such as deductibles, copayments and maximum annual out-of-pocket expenses. The maximum annual out-of-pocket disclosure should include a description of the items that are credited towards that maximum and those that are excluded from that calculation.

House Bill 264 also includes the "Patient's Right to Know of Insurance Coverage Provisions Act," which is codified in Title 50, chapter 4, part 5, MCA. This Act provides that upon request from an insured or the insured's agent, health insurers must provide a written or electronic summary of the insured's coverage for a specific health care service or course of treatment when the actual charge or estimate of charges from the health care provider exceeds \$500.

Section 33-22-137, MCA applies to policies, certificates, and membership contracts that are delivered, issued, renewed, extended or modified on or after January 1, 2010. Please submit all changes to forms required by 2009 legislative changes that are effective January 1, 2010 by October 1, 2009, or before, in order to avoid delays in form review. All policy and certificate forms issued for delivery in Montana must be approved by the CSI before use. In any event, forms must be filed at least 60 days before the date of intended use. Therefore, health insurers must amend, endorse, or re-file all health insurance policies and certificates with the Forms Bureau of the CSI no later than November 1, 2009, for a January 1, 2010 effective date.

If you have questions about the content of this memorandum, please contact Christina L. Goe, Chief Legal Counsel at 406-444-2040 or at cgoe@mt.gov.

If you have questions about filing forms, please contact Rosann Grandy, Forms Bureau Chief at 406-444-2040 or at rgrandy@mt.gov.